

LIVE! CASINO IMPACT ASSESSMENT



9/17/2013

Report to the City of Leominster, Mass

B&S Consulting has assessed the potential impacts of the proposed 1250 slot casino to be located on Jungle Rd and or considered analysis follows.

EXECUTIVE SUMMARY

Purpose:

B&S Consultant services was retained by the City of Leominster to apply our professional expertise and experience on the basic question: “Will Leominster experience a net gain or a loss from allowing a 1250 machine slot parlor to be created on Jungle Rd?”

Answer:

The simple answer is that it will be a net monetary gain as costs are born by the developer and that requirement is clearly contained in the Host Community Agreement with small social risk.

WHY IS THAT?

Generally the answer is that the vast majority of the literature on gaming (gambling) focuses on large brick and motor gambling complexes, such as Las Vegas, Atlantic City and the huge Indian Casinos in Connecticut. Clearly a 125,000 sq. ft. slot parlor with 1250 slots is of a different (smaller) order of magnitude and when you extrapolate the metrics from the “Megas” to this one proposed, the incidents of crime and infrastructure costs are manageable.

So Who Pays for Public Services? In the proposed Host Community Agreement, Sections, 5, 6 & 7, the developer, “PPE Casino Resorts MA, LLC” assumes the responsibility for all costs to upgrade all utilities and roads as determined by the Planning Board, all public safety costs as determined by the Chief of Police, including an onsite, substation and personnel details costs.

PPE/ Cordish have committed to fund the costs of a local “Responsible Gaming” program within the community and for employees of PPE to help and to identify patrons getting into trouble.

City Receives: Several kinds of payments including: an “initial” payment of \$250,000, annual payments at a minimum of \$3,800,000, meals & excise taxes, and permit fees. Also several programs are undertaken by PPE: Local hiring and vendor preference; The Leominster Community Foundation, and regional marketing.

Impacts on Citizenry: Studies of gambling in other jurisdictions indicate that, even the “Megas”, effects on property values are limited to immediately adjacent properties, crime is mainly an onsite event, mortgage defaults are not wide spread and the housing market improves with greater demand. Unemployment declines as do payments to families with dependent children.

Regional Economy: In Leominster, and the surrounding communities, PPE will spend approximately \$29,000,000 on salaries, moderate wages in large part, but salaries comparable to industry in Leominster. PPE will purchase goods and services between \$50,000,000 and \$57,000,000 about half of which will stay local. Given that we know money circulates in the economy (economic multiplier)

which, in this case doubles (base +1.01), this balances what stays within the immediate region. So expect the local economy to increase by \$50,000,000 to \$60,000,000.

Public Outreach: Besides the interviews with technical City staff and others, a “Community Outreach Forum” was held on Saturday Sept 14, 2013 to answer questions. Most came to air their opinions. By a rough estimate, most were in favor on economic grounds. Those who do not like the proposal see negative social and life style implications. While few if any of those attending had their opinions changed it was an open and free discussion and we gained valuable insight into the City of Leominster.

Conclusion:

B&S Consulting, with over 30 years as observers in the Gaming Business, agrees with those who see a net positive economic and social outcome for this proposed slot parlor.

Whatever noise or street activity that is generated by the “Live! Casino” will have limited impact on Leominster as it is located in a commercial/manufacturing area away from existing residential areas. Further the operators will provide onsite police presence and supplement existing infrastructure as needed. Leominster will gain substantial revenue and jobs from this facility at minimum social risk for its citizens.

The State of Massachusetts has through its Legislature determined that brick and mortar gaming establishments shall be allowed in various geographically separated locations. There will be a license issued to one of the three competing communities by Gaming Commission this year.

The same act provides for substantial contributions for local impacts of various sorts, such as infrastructure, schools, problem gambling programs, and the study of the societal issues, as well as support for the control of operations.

B&S has no interest in any aspect of the gambling operation, thus our opinion and analysis is offered as a completely independent one and based on our desire that Leominster continue to grow and be one of the most attractive communities in Massachusetts.

Live! Casino impact assessment

REPORT TO THE CITY OF LEOMINSTER, MASS**1. Review of Existing Gaming Studies and Research****Industry Trends :**

- a. According to the American Gaming Association World Wide 2.2 billion people gamble placing wagers of 1.5 trillion dollars in 2010. America has 566 casinos in 22 states and that number has grown in the last two years. Forty two states have lotteries & 37 racetracks, Indian gaming or other games, only 2 states have none: Utah and Hawaii. And soon Massachusetts will add three casinos and one exclusive slot casino.
- b. Nationwide revenues are \$ 55 billion in “direct” revenues and up to \$ 125 billion, “indirect” or spin off economic activity, which would total 1% of America’s Gross Domestic Product. Gambling, in 2010, or gaming, produces 350,000 direct jobs & 820,000 indirect jobs.
- c. Gaming (Gambling) is here to stay
- d. In New England, as part of a comprehensive market analysis in 2006, consultants prepared a review of what the overall gaming market was at that time. They estimated the total withdrawal from the disposable income of the New England market to be about \$6,000,000,000, of which the Indian Casinos were taking slightly more than \$3,000,000,000. Market expansion was certainly expected then, but contraction has occurred instead.

Figure 1
Future Resident Market Model Projections

2015 Modeled Year

Property	Core Frequency β	Destination Strength θ	Stay Value ω	Adjusted Visits (000)	Resident Market Potential Win (millions)	Deflated to 2007 \$ ¹
Fall River	9.0	0.024	1.1	9.5	\$1,240.8	\$1,018.4
Marlboro	9.0	0.024	1.1	11.0	\$1,501.9	\$1,232.7
Springfield	9.0	0.024	1.1	10.8	\$1,349.5	\$1,107.6
Foxwoods – Multi property	9.0	0.0200	1.1	15.6	\$2,016.3	\$1,654.9
Foxwoods – Multi property with Massachusetts Destinations	9.0	0.0200	1.1	10.9	\$1,397.6	\$1,147.1
Foxwoods – Dual property with Massachusetts Destinations	9.0	0.0220	1.1	8.9	\$1,131.0	\$928.3

¹ Deflated at 2.5% inflation
Source: Economics Research Associates

- e. However, as the total market has seemingly contracted, additional gaming venues have been approved in several states, and now Massachusetts. Thus slot revenue in the several states is not at the \$400 plus take per slot machine of that earlier era, but varies from state to state and is substantially down for the Indian casinos, 25% off for Feb 2013 from the prior year.

Industry Literature :

The Gaming Commission referenced in its deliberations the Canadian Consortium for Gambling Research (CCGR) report, “The social and economic impacts of gaming and whereas the Commission Gambling” has identified significant deficits in definitive studies of the social, and mental impacts of Gambling. The Massachusetts Gaming Commission has engaged a research team at UMass Amherst to oversee, evaluate and perform a multi-year, multi-method, multi-disciplinary, multi-phase comprehensive research project on the economic and social impacts of the introduction of casino gambling in Massachusetts, with particular emphasis on problem gambling.

Table 1.

Study Timeline

	Focus Groups	Key Informant Interviews	Phone Survey & Literature Review	Gaming Employee Survey	Gaming Venues & Revenue Data	Targeted Population Survey	General Population Survey	Household Telephone	Secondary Data Collection & Analysis	
Prior to 2012										Baseline
2012										
2013										
2014										Operational and Developmental
2015										
2016										
2017										Ongoing Impact Evaluation
2018										

See Mass Gaming Commission website

A review of studies that exist in the US of gaming include the “Social and Economic Impact of Gambling, the “SEIG report”; the “Federal Gaming Impact Study”, by Department of Interior; Conn Center for Economic Analysis; Economic Research Associates; “Gambling In Conn”, SCCOG, Affordable Housing, and the National Center for Responsible Gambling, tell us various facts about localized impacts of gaming:

According to the National Center for Responsible Gambling, 1% or less of the population is affected by problem gambling. An important mitigation technique is on site counseling and training of employees to identify those with repetitive behavior and liable to get into gambling trouble.

- a. Local street crime has not increased due to gaming activity. Some early studies of the incidence of street crime blurred the difference of incidents in nearby areas and those larcenies or assaults that occur on the casino campus. When that distinction was made, the off-site incidence was found to be at historic low levels in Ledyard & Norwich Ct.
- b. Gaming has a high employee turnover rate and at Foxwoods about 3000 on average or 10% - 20% of the labor force per year, But for a new site like the ‘Live” Slot Casino with limited competition turnover should be less.
- c. Spin off business serving the “drive” or primary market has been limited, minimal growth of local business on access routes has been observed.
- d. Gaming monopolies are ending as Gaming is trending to be a ubiquitous activity: slots in bars to on line gaming.
- e. The MGC through its license agreements will enforce the mitigation agreements through its licensing and revenue requirements.
- f. Gambling has been associated with certain poor health conditions. Future studies by the Gaming Commission will shed light on the relationship between health, age of player, and the casino environment.
- g. Mental Health conditions associated with problem gambling have required increased funding and the Mass Gaming act requires a portion of the revenue be set aside for study and treatment of those conditions. In addition each licensee will be required to participate and fund local problem gaming outreach and education efforts.

2. Predictable Demands on Public Services

- a. Funding for public improvements has been often limited, but the Mass Gaming Act and the Host Community Agreement that is in place between the City of Leominster and PPE/Cordish provides for complete funding for infrastructure and public service demands that are to be identified during the permitting process by the Planning Board. PPE is liable for all construction, design and permitting/inspection costs.
- b. Water and sewer:
In discussions with city technical staff we have been advised that Woodward and Curran are the City’s engineering consultants who are and will be working with the developers (PPE/Cordish) to provide infrastructure services to the proposed facility on Jungle Road and elsewhere.

Our own inspections reveal existing sewer and water services exist in Jungle Road and have been advised by the Public Works staff that sufficient capacity exists in Jungle Road that had been installed for Wal-Mart and other business in that area. That area is zoned MU1 (manufacturing) and has been actively marketed by the City for new development.

Our own flow analysis, prepared for Raynham indicates for the 1250 slots and 800+ restaurant seats we would expect the facility to generate about 25000 gals per day of water and sewer demand. Public Works advises B&S, 28,000 gals per day are set aside for this project.

c. Highways

The project site on Jungle Road is served by an intersection fully developed with timed signalization and a double left hand turn. Clearly this was designed with further development beyond the present Wal-Mart et al, in mind. Again we are advised that “Woodward & Curran” will be working with traffic engineers to review any timing adjustments that maybe required for the existing signals or their timing. With the expected level of traffic for the facility, B&S does not anticipate major expenditures being required for this intersection.

However a fully developed intersection at the driveway of the Casino and Jungle Road and widening of Jungle Road to a standard section (42' wide is recommended)

Our work at Foxwoods, Mohegan Sun, Raynham and Twin Rivers have provided us with the following factors to estimate traffic generation on a daily basis and for the peak hour. We have found that by comparing the varying number of gaming positions at those facilities to traffic counts about 4 to 5 daily trips (Foxwoods/Mohegan) occur per gaming position. Applying that ratio to the 1250 slot machines results in about 5620 expected daily trips at Jungle Road.

For Peak Hour Traffic between 5pm – 6pm we expect about 0.3 - 0.4 Trips per slot machine, or about 500 ins and outs in that hour.

In comparison consider the following trip factors for the average Wal-Mart and Lowes.

Wal-Mart

Sat: 1,120 Trips

Week day: 870 Trips

Lowes

Sat: 590 Trips

Week day: 310Trips

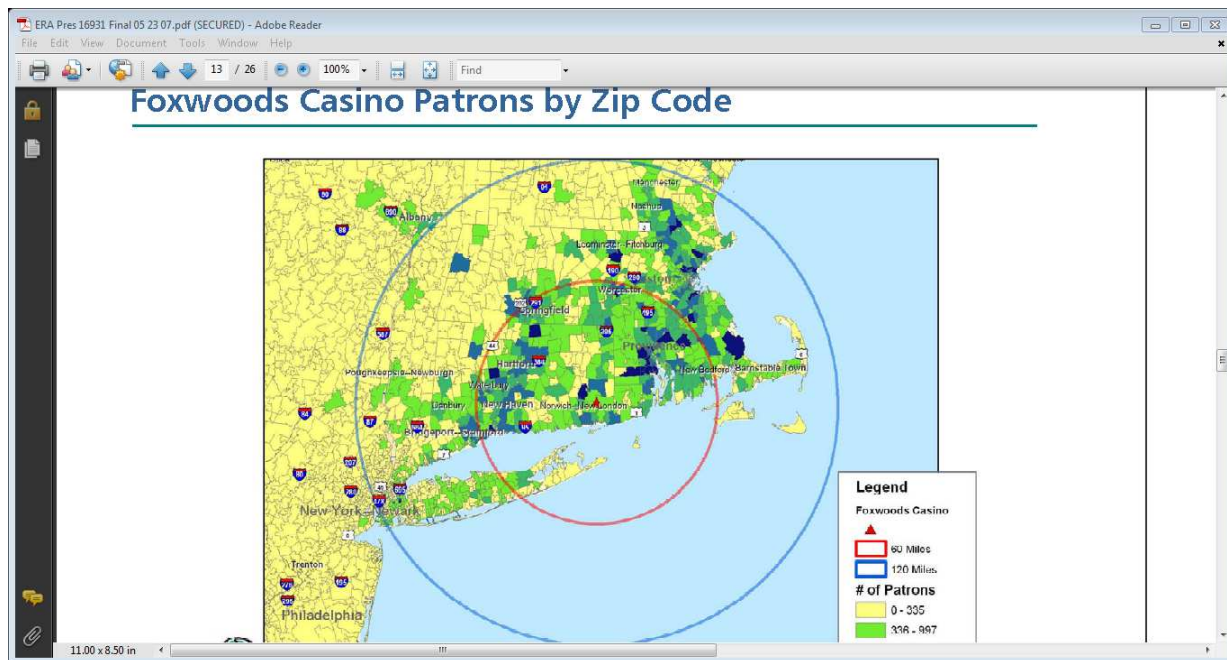
Besides the intersection of Lancaster Street and Jungle Road several streets have been identified as requiring study and possible upgrade as a part of the Host Community Agreement. Traffic analysis underway by Woodward and Curran, consultants for the Planning Board of Leominster, include: Old Mill Road & Beth Avenue, Central Street and Grant Street near Sunrise Assisted Living. Also Litchfield Street & Central Street, Lancaster at Viscoloid Avenue and Howard Streets, Lancaster Street at Johnson Street,

and Willard Street at Jungle Road and between Central Street & Lancaster Street. These studies are underway and will be overseen by the Planning Board.

Regional Draw:

Based on studies at Foxwoods the majority of patrons (50% +), the so called primary market, and travel 30 to 60 miles or about one hour. The secondary market is a 90 mile ring as depicted below.

Table 2.



Thus it is our opinion while many Leominster residents will visit the facility, the majority of patrons will come from that 30 to 60 mile primary market circle, mainly arriving from I-190 onto Route 117 and turning left onto Jungle Road.

d. Police and Fire

- i. The Host Community agreement provides for a 430 sq. ft. police substation within the facility. While additional police officers for the force are not part of the agreement, the Police Chief will determine the level of shift staffing that will be assigned and paid for by the PPE management. Specific information as to the relationships between State Troopers and Gaming Commission enforcement personnel has not been finalized between them. That inter- jurisdictional relationship will set the parameters for requirements for local police staffing.

- ii. **CRIME:** Off property street crime has not appreciable increased due to gaming activity as reported in Police reports by Connecticut State police.

The Foxwoods Casino opened in Ledyard in 1992; Mohegan Sun opened in Montville in 1996. *Uniform Crime Reports (UCR)* data show that since the casinos opened, index (serious) crimes have increased overall in Ledyard, Montville, Norwich, North Stonington, and Preston combined. Index crimes are murder, rape, robbery, aggravated assault, burglary, larceny, and motor vehicle theft (MVT).

The increase in these crimes occurred primarily on casino premises. General studies of the incidence of street crime blurred the difference of incidents in nearby areas and those larcenies or assaults that occur on the casino campus. When that distinction was made, the off-site incidence was found to be at historic low levels (Ledyard)

Table 3: Larceny Crimes Committed in Ledyard (1996-2000)

<i>Crime Location</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>
Casino Premises	518	538	737	490	565
Town (excluding casino)	80	102	84	104	101
Total	598	640	821	594	666

The proposed on site police substation is highly recommended to mitigate against the incidence that may occur even at the smaller sized slot casino.

Please note that the older ages of the majority of slot players, as opposed to younger players for full casinos, mitigate against the level of activity seen in Ledyard at Foxwoods. In 2000 there were about 6100 gaming positions at Foxwoods and about 565 incidents of larceny on the casino premises during the year or about a .09 ratio. That rate includes attempts to cheat at the tables or machines or not paying for a tab. At a smaller facility that ratio will be less.

If one were to assume a similar ratio, for “Live! Casino” at 1250 slots or positions at years end 112 larcenies would have occurred or about 2 per week. However, in the similar facilities, such as in the Maryland Live! Facility, visited by the Police Chief, with an onsite police presence, area crime incidents reduced 25%.

► Thus B&S concludes what will be observed at the “Live! Casino” will be a fraction of the .09 rate, or a decrease in the area due to continuous Police presence.

The Leominster Police Department was very open in supplying crime event data for the last 2 years and for the last 6 years. Mapping provided indicate areas of concentrated incidents occur downtown and at the Whitney Field Mall area. The new Wal-Mart has

experienced an uptake in larcenies and this is very similar to the experience of Raynham with their new Wal-Mart.

► Also B&S notes that there will be an increased demand for emergency response calls to the area due to the poorer health of the older patrons of the facility. It is recommended that during peak hours an ambulance unit be placed on standby at or near the casino.

e. Schools:

As discussed below, it is not expected that the “Live! Casino” will need to import large numbers of employees if any. And if so those will be managers who have gained experience in working at other gaming or entertainment venues and will have higher than average wage levels.

Thus an increased demand on school services, or new teachers is not to be expected to result from the employee pool as those with children are likely to be in large part already in the community.

3. Predictable Impacts on Local Citizenry

a. Housing:

Leominster has over 17,000 housing units of various types. Of that vacancy rates for Leominster for owner occupied and rental housing have hovered near 3% in general terms for a decade or about 500 units of housing.

Also Leominster is a community of about 41,000 people of all ages, with about 20,200 in the work force, and in July of 2013, 1990 were unemployed or about 9.9%.

The number of jobs at the “Live Casino” estimated by PPE/Cordish will be between 500 and 700, and they specify elsewhere that there will be 605 FTE’s. With unemployment at 1990 individuals in July 2013, the level of new jobs could be filled by folks in Leominster right now.

Let’s assume, however, only 1/2 to 2/3 will be from the unemployed pool in Leominster. Whatever the actual number, it will create housing demand for a significant proportion of the vacant housing stock, of about 500 homes.

When interviewing the Director of Housing Mr. Capoccia, he indicated Cordish committed to workshops with the HA to provide the HA clients with employment

opportunities. As HA rents are limited to 30% of income this will help low income wage earners to keep or find housing as their rent will be tied to income, benefiting not only the Leominster Housing Authority and its clients. Job fairs will be held at locations such as the Allencrest Apartments on Viscoloid Avenue near the site. The HA currently has 1800 housing units in its inventory.

b. Employment:

Cordish executives have indicated that the proposed slot casino will employ 605 full time equivalent positions, with an average salary including benefits of \$48,000. Thus the majority of employees will have moderate incomes, very similar to the existing wage scale at local employers. Comparing the employment levels of other gaming establishments such as Twin Rivers, Yonkers, Foxwoods and Mohegan, B&E estimates that after the initial “hard opening” period, employment will stabilize at the 450 to 500 level.

An interesting study prepared by the State of New York regarding employment at the Yonkers Casino calculated that for every one million dollars of slot revenue about 3 jobs resulted. Please refer to Table 8 below where estimates of PPE/Cordish facility revenue are calculated. Using a low of \$137,000,000 (at \$300 per machine) that will generate about 411 permanent jobs, at a higher revenue of 182,000,000 (\$400 per machine) creates 547 jobs. As a practical matter actual job numbers will be set by senior management in response to market conditions they face.

Thus we see a relationship between revenue per machine and job creation.

Later in the discussion of Regional Economy, spin off jobs are estimated. The actual number of spin off non-casino jobs will vary with the actual casino employment.

The kinds of jobs to be expected include managers about 10% of the work force, technicians of various sorts: mechanics, electricians, information services, surveillance and security specialists, and gaming supervisors. Lower level wage earners will be wait staff, cleaning personnel and food service workers, about half of the work force.

In addition to on site staff, about an equal number of vendors from the region and outside the region (see below Regional Economy) will serve to supply the facility with various kinds of goods and services.

c. PROPERTY VALUES

- i. The impact on local property values, the geographic range of any impact can best be illustrated through the following graphics comparing the trends in property values in Leominster Mass and Ledyard, Ct, the main host community for the Foxwoods resort and Casino. Clearly the impact of the 2007 – 2008 economic down turn can be seen in reduced property values. Volatility of pricing is most pronounced in Ledyard, with both communities having adjusted to Market values over the last three years or so, now between \$150k and \$200k. Future impacts on housing in the Leominster market due to the slot parlor cannot be expected to be significant due to the small size of the facility, the availability of housing at affordable prices (around \$200,000) and the larger relative population of Leominster as compared to the towns surrounding the mega casino's Foxwoods and Mohegan Sun.
- ii. Leominster Median Property values 2002- 2013.
 1. Comparing Leominster to Ledyard CT (host to Foxwoods) it is clear larger market trends are similar and there are minimal disturbances to value resulting from the large Casinos nearby and it cannot be expected the slot parlor of 1250 slots will provide any greater negative impact.

Table 4. Leominster Median Sales Price

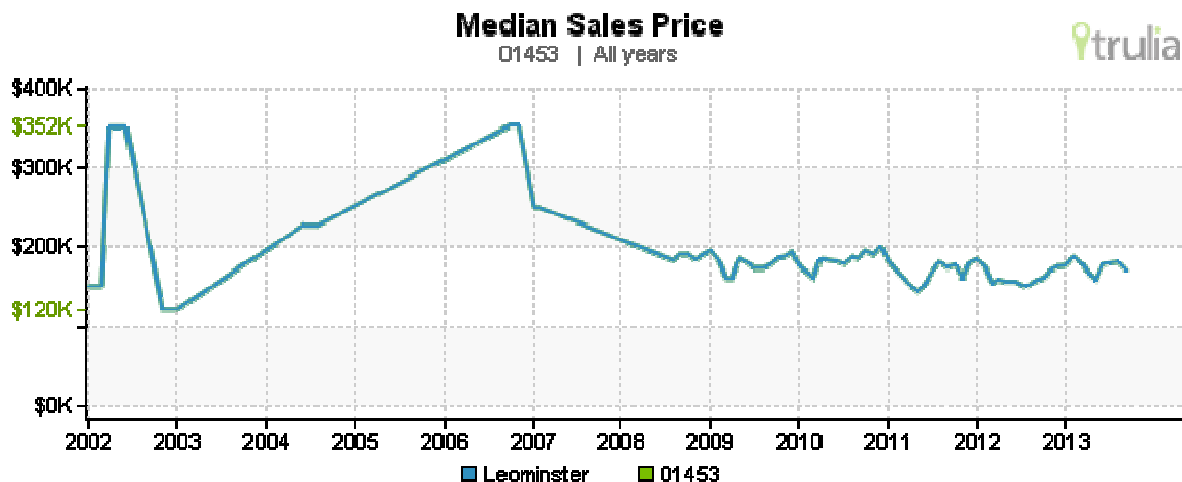
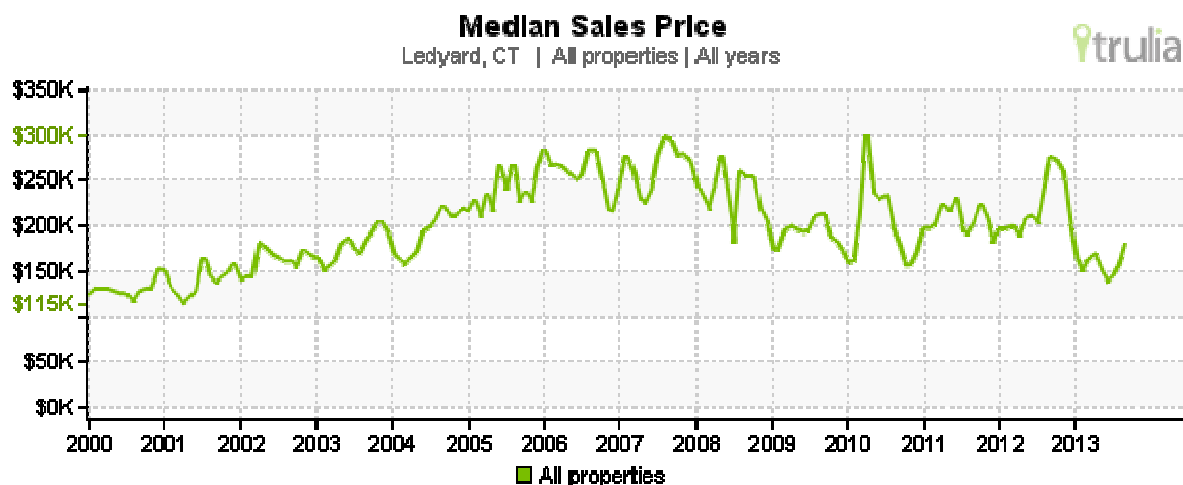
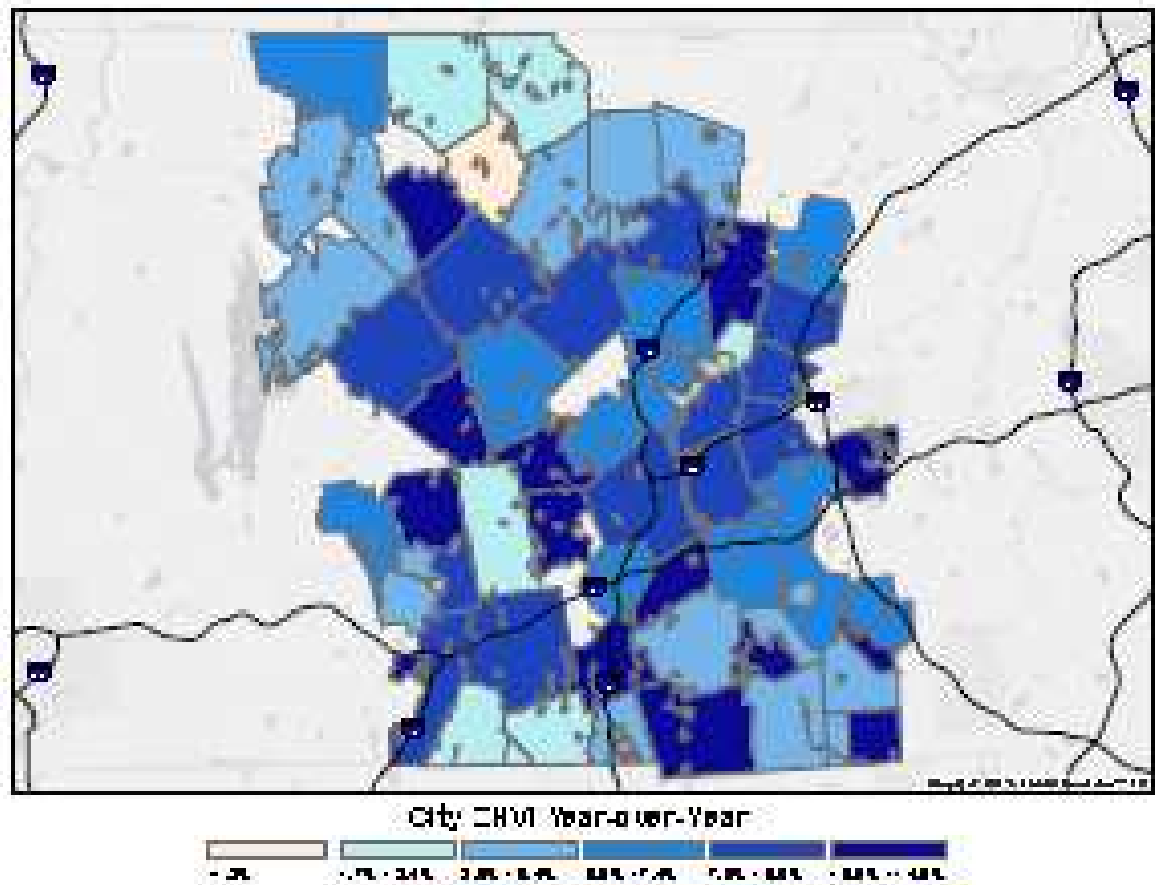


Table 5. Ledyard Ct Median Sale Price



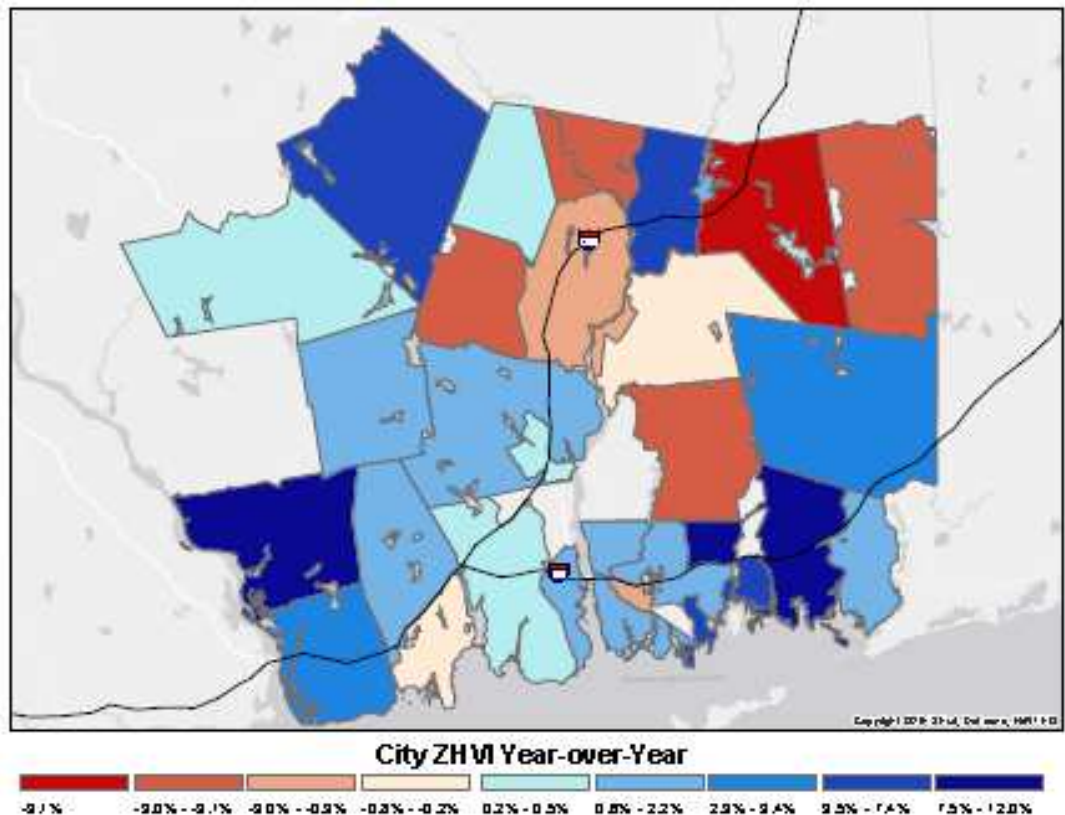
iii. Worcester Area: Market trends from Zillow.com

Regional trends indicate the Worcester area Market values increasing overall and the area near Leominster showing moderate increases.



iv. New London County Connecticut, Market Trends from Zillow.com

In New London County the more rural communities continue to show some negative value adjustment with more suburban towns showing some increasing trends.



- d. Effect on local rates of gambler bankruptcy, mortgage default, suicides, domestic violence and other social costs directly related to the proximity of a gaming facility.
 - i. Foreclosure rates are 3.08 per 10,000 homes in New London county versus 2.7 per 10,000 homes in North Central Mass. (see Appendix for Zillow charts)
 - ii. B&S does not see this as a significant variation in the current market recovery conditions. While we have not seen an increase in the rate of foreclosures, individual cases are catastrophic to the individual. The Problem Gambling program required in the State Gaming Act is intended to mitigate this terrible circumstance for the 1%-2% of patrons who are problem gamblers.
- e. Impact on commercial, residential, and auto insurance rates as such relate to proximity to a gaming facility.
 - i. Insurance rates are set by actuaries working on large scale statistical data bases that are accumulations of incident data over years of experience and applied to classes of insurance customers based on those identified frequencies of Risk.

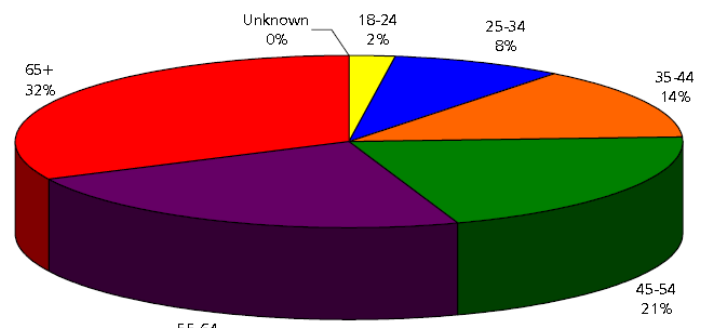
- ii. While it seems axiomatic that proximity to a casino should increase risk and hence rates, how and for whom is not predictable before the creation of event history that would create the supportive data for that particular Risk pool.
- iii. Given the relative small traffic volume to be generated from the facility, any incidents at or near the facility will be absorbed into the larger data base risk pool.
- f. Impact on local seniors as the result of potential marketing efforts of a gaming facility within the community
 - i. According to the **Nat'l Council on Problem Gambling** 2% - 3% of gamblers are "problem gamblers" or 6 – 9 million Americans. According to the National Gaming Association that percentage is only 1% and fifty percent of young people gamble in some way.
 - ii. We do know people 60 years and older are twice as likely to gamble as compared to other age groups, and comprise over half of those visiting Casinos. This fact has been documented by many studies of the customers of the casinos in Connecticut.

Figure 1

Source: Foxwoods Casino; Economics Research Associates

Figure 39 shows the breakdown of Foxwoods visitors, by age. Visitors aged 50+ more account for over half of total visitation to the casino resort. Roughly 0.03% of visitors are of an unknown age, and therefore appear as negligible on the chart. It is assumed that the distribution of ages has remained relatively constant over the last 10 years.

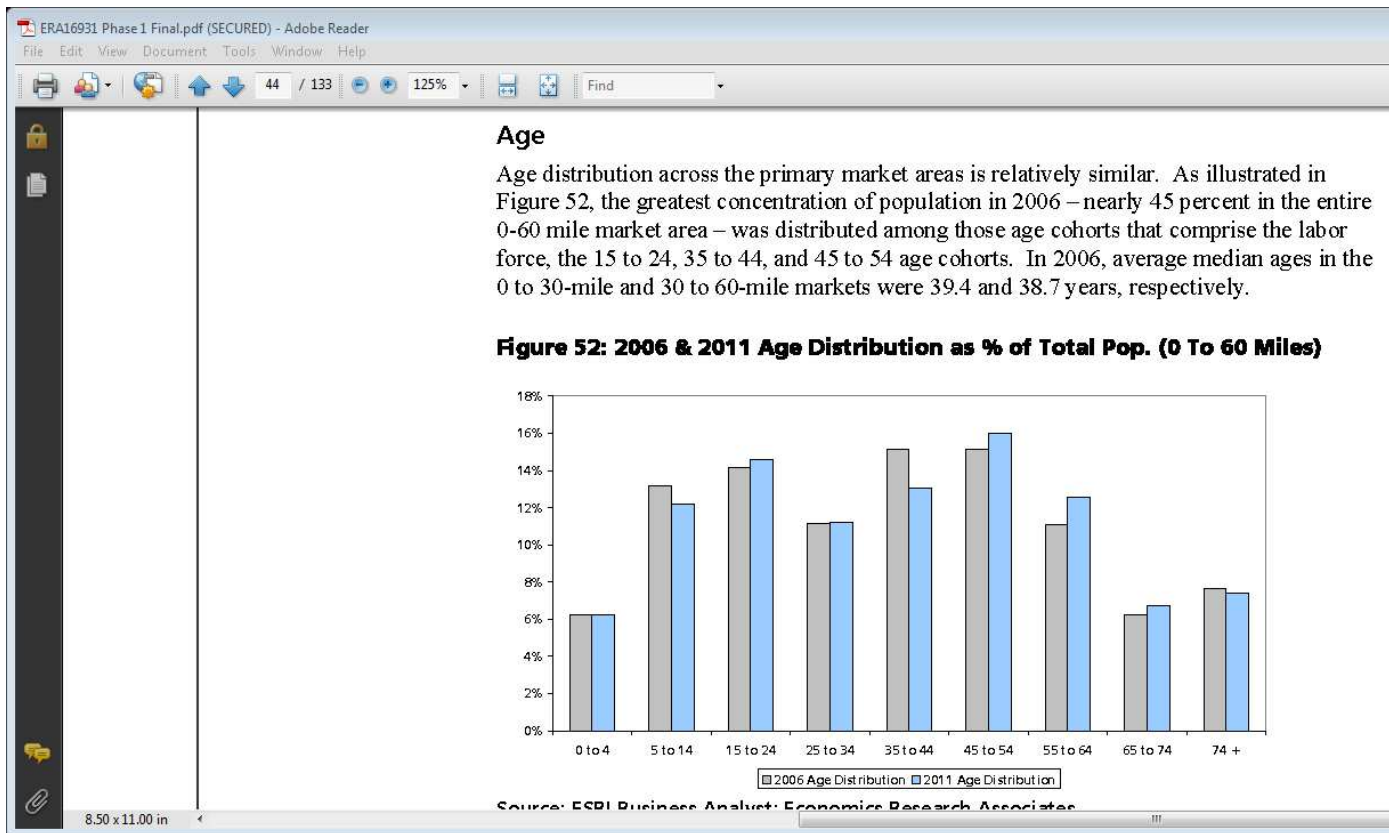
Figure 39: Age of Visitor (2006)



- iii. It does appear from interviews with seniors that the reasons for this are at least equally due to their desire for socialization and entertainment as to any compulsion for gaming.

- iv. During interviews at the Leominster Senior Center on Sept 12th, all seniors present commented they visit the Indian Casinos on a regular basis, but not so regularly to Twin Rivers. Preference was given to Mohegan Sun and most indicated they would visit the new casino in Leominster, but do not necessarily approve of it unanimously.

Table 6 Age of Market



- v. As a result of 50% to 55% of Casino patrons being 55 years old and older, Casinos actively market day trips and overnight stays to seniors individually and in groups from assisted care facilities and senior centers.
- vi. Seniors from Leominster will visit casinos, either in Leominster or elsewhere.

4. Predictable Impacts on Regional Economy

Conn Economic Research Center Inc. prepared an economic generation study for both Connecticut casinos in 2005 and updated it in 2007. The determined the “Spin Off effect factor” to be 1.107 non

casino Jobs for every Casino Job. State wide spin off factor is an additional .74 non casino jobs not in the local area for every casino job.

At that time in 2005 Casino employment was $20220 \times 1.1.0 = 42603$ total jobs within the County

State wide additional jobs: $20220 \times .74 = 14963$

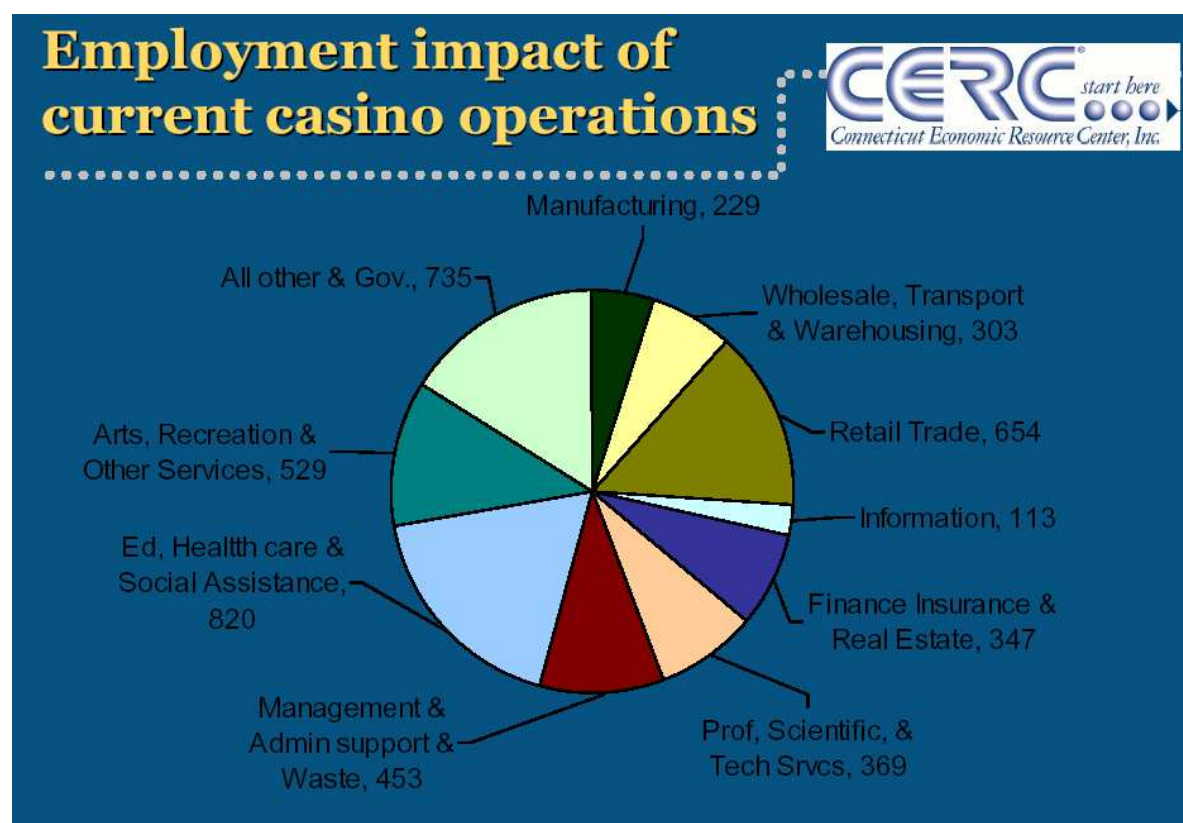
For Leominster the Cordish company tells us that on site jobs will be 605. At the factor determined for Foxwoods and Mohegan Sun those 605 jobs will result in another 665 non casino jobs in the nearby community. If we add in service jobs of a non-local nature add another 447 jobs.

Total new employment: 1270

B&S has indicated before that after the initial year of operations we believe jobs levels will stabilize between 400 and 600, so say 500 for long term employment times the employment factor that will result in 1005 total permanent jobs.

The CERC looked at how those non-casino jobs broke down and found the following.

Table 7.



a. Regional Economy/ Slot revenue estimate

Facility Revenue: An estimate of the likely average revenue of the facility is presented in the following table.

The various states that allow the operation of licensed facilities receive differing shares of revenue depending on the specific enabling legislation or individual “compacts” with the Indian tribes.

The following spread sheet provides historical data on revenues per slot machine in Connecticut, Rhode Island and New York. A more complete listing is provided in the appendix.

▣ CONNECTICUT

- Foxwoods: July 2012 \$263
- Mohegan Sun: July 2012 \$327

▣ RHODE ISLAND

- Twin Rivers 2012: \$293

▣ MAINE

- Bangor 2012: \$145

With increasing geographic competition offering customers numerous choices, the likelihood of the “average case” revenues becoming the “norm” at some point after the grand opening is good. None the less proceeds from the facility over the first several years will be in the “Best” range.

Table 8: Facility Revenue

SLOT CASINO REVENUE ESTIMATES.

	Average		WORST		BEST	
Per Slot	\$300		\$200		\$400	
Gross*	136875000		91250000		182500000	
State Tax	67068750	0.49	44712500	0.49	89425000	
St Slot Fee	750000		750000		750000	
Total TAX	67818750		45462500		90175000	
EBITA	69056250		45787500		92325000	
or net gross						
Operating	50,000,000 600 employees		40,000,000 400 employees		55,000,000	
Town	3,800,000		3,800,000		3,800,000	

Prop			
Sub Total	15,256,250	1,987,500	33,525,000
Town Mit	TBD	TBD	TBD
Net Rev			
Debt	?	?	

* 1250 slot machines times take per machine per day.
(1250 *\$300*365days=\$136,875,000)

Regional purchases of goods and services generally follow the levels of salaries. Cordish has supplied B&S with a total salary amount of \$29,000,000, including benefits.

It is safe to estimate that purchases of goods and services by the facility will be in that range as well, let's say \$50,000,000 to \$57,000,000 based on studies of operations of similar facilities in Plainville and Raynham.

Applying our multiplier factor of 1.01 total purchases by "Live! Casino" and the subsequent circulation of those funds between the suppliers and their support business is likely to create business of \$100,500,000. However, studies show that about half of those purchases will go to companies outside of the county, so we can anticipate the local economy will grow in the worst case some \$50,250,000 and in the best of cases \$60,000,000.

In studies of the Plainridge slot casino, Cummings and the Innovation Group estimated that the local and regional expenditures would be broken down as follows:

Table 9. Annual expenditures: Plainridge

ADJUSTING ANNUAL EXPENDITURE ESTIMATES FOR ECONOMIC IMPACT ANALYSIS (\$ millions)									
Expenditure Category	IMPLAN Sector Description	Applicant Estimates		Cummings Proportion		County Level Net Revenue		State Level Net Revenue	
		2016	2018	100.7%	89.3%	62.0%	64.0%	31.8%	27.9%
		2016	2018	2016	2018	2016	2018	2016	2018
Gaming	Amusement parks, arcades, and gambling	\$ 13.1	\$ 11.6	\$ 13.1	\$ 11.5	\$ 10.9	\$ 9.7	\$ 4.2	\$ 3.1
Food & Beverage	Food services and drinking places	\$ 11.8	\$ 9.3	\$ 11.9	\$ 9.2	\$ 9.8	\$ 7.8	\$ 3.8	\$ 2.9
Retail	Retail - Miscellaneous	\$ 0.5	\$ 0.4	\$ 0.5	\$ 0.4	\$ 0.5	\$ 0.4	\$ 0.2	\$ 0.1
Marketing	Advertising and related services	\$ 14.1	\$ 13.0	\$ 14.2	\$ 12.9	\$ 11.8	\$ 10.8	\$ 4.6	\$ 3.9
General & Administrative	Office administrative services	\$ 9.8	\$ 10.0	\$ 9.9	\$ 9.9	\$ 8.2	\$ 8.4	\$ 3.1	\$ 2.8
Property Operations	Business support services	\$ 3.8	\$ 3.8	\$ 3.8	\$ 3.6	\$ 3.2	\$ 3.2	\$ 1.2	\$ 1.1
Security/Surveillance	Investigation and security services	\$ 4.8	\$ 4.7	\$ 4.6	\$ 4.5	\$ 3.8	\$ 3.9	\$ 1.5	\$ 1.3
Total Casino		\$ 47.7	\$ 52.7	\$ 48.1	\$ 42.4	\$ 40.2	\$ 44.3	\$ 18.5	\$ 14.6

Source: Innovation Group Impact Report, Cummings, 11/20/16, p. 20

Frankly such breakdowns are speculative and depend in very large degree on the judgment of managers prior to and after the “hard” opening of casino operations. Nonetheless we can compare this to a general estimate of operational expenses for the 1250 slots from Raynham park of “\$50,000,000 and see that that magnitude of the purchase of goods and services is likely.

b. Aid to Dependent Families:

A study in 1999 Updated in 2005) of the impact of new casino employment on the level of expenditures on AFDC (Connecticut Aid For Dependent Children, aka Welfare) demonstrates a direct and inverse relationship between employment of parents and participation in the Program. In other words increasing employment results in decreasing AFDC case loads.

That relationship showed in 1993, that every 1000 jobs results in a decrease of an average 260 welfare cases.

In 1993 they had assumed during a continuing poor economy AFDC costs would increase, however a net job increase of 26,000 jobs occurred and the calculated reduction in AFDC costs to the State of Connecticut saved 10 million annually.

Payments in 1993 were determined to be \$200 per month per recipient.

The point was well made that job opportunities for the unemployed will assist not only those getting jobs but reduce burdens on State and local governments.

Conclusion:

At the Public Forum held Sept 14 at City Hall it was clear differing points of view were represented.

First, there were those who do not see the proposed facility as a threat but an opportunity to add to jobs and the local tax base within the City at a site that will not affect residential areas and be served by the I-190 off ramp.

On the other hand there were those folks with fears and view the facility in the light of large mega casinos such as Foxwoods, Mohegan Sun and Twin Rivers, which have impacted the small towns surrounding them. A part of that impression is correct because when those full service Indian Casinos were developed, people in the Towns did not have an opportunity to have input, have their say, regarding the nature of the development so as not to affect their lives. Traffic was terrible, the owners did not listen or try to help the communities to lessen the problems.

The nature of the Class 2 facilities is significantly different in that they are smaller and offer lower levels of services. So that magnitude of impact will not be the case here in Leominster as the local responsible officials have control (“the say”) over all mitigation measures.

Let us be clear, the Massachusetts Gaming Act, requires a through process and ultimately the act requires allocation of revenue from the State to Host and Surrounding Communities, for the anticipated and unanticipated impacts so those impacts are addressed, mitigated and funded.

We have reviewed the proposal on its own merits, not in the light of the mega casinos or claims by the applicant, and found the Host Community Agreement solid and able to address the plan and any unanticipated eventualities.

We believe jobs will be created for the citizens and revenue will flow to the City. Also mechanisms are in place to require any modifications to infrastructure that the Cities consultants will identify. Moreover, any crimes committed will be dealt with by the police force who now deal with 6000 to 7000 calls, or incidents annually. The potential worst case circumstance is for about 112 additional larcenies annually if the incident rates of the mega casinos follow here to Leominster. Our belief is that they will not and the experience will follow that in Maryland.

B&S Consultants thank the City of Leominster for this opportunity to assist and we look forward to answering any questions during the next week prior to the election

Robert J. Birmingham AICP (ret)

David Schweid AICP

APPENDIX

A. Property Market Conditions

JULY2013

Worcester Metro

National ZHVI

Current: \$161,600

Monthly Change: 0.4%

Quarterly Change: 2.2%

Annual Change: 6%

Negative Equity*: 25.4%

Worcester ZHVI

Current: \$216,300

Monthly Change: 1.4%

Quarterly Change: 3.5%

Annual Change: 8.4%

Negative Equity*: 25.2%

ZHVI Forecast

(next 12 months)

National: 4.8%

Worcester Metro: 4.3%

Major Cities

Worcester

Current: \$173,100

Monthly Change: 1.1%

Annual Change: 9.3%

Fitchburg

Current: \$151,000

Monthly Change: 1.3%

Annual Change: 3.7%

Leominster

Current: \$192,700

Monthly Change: 1.5%

Annual Change: 9.1%

Shrewsbury

Current: \$323,400

Monthly Change: 1.8%

Annual Change: 9.9%

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City ZHVI Year-over-Year

-1.3% 1.7% - 3.4% 3.5% - 5.4% 5.5% - 7.4% 7.5% - 9.9% 10.0% - 14.6%

Home Values

Increasing Values: 81.8%

Decreasing Values: 13.2%

Fall From Peak: -22.6%

Peak ZHVI Date: 2005-09

Peak ZHVI: \$279,600

Rent

Zillow Rent Index: \$1,457

Foreclosures

Homes Foreclosed: 2.7/10, 000

Monthly Change: -0.4

Annual Change: -6.9

Foreclosure Resales: 7.8%

Monthly Change: -0.9pp

Annual Change: -1.3pp

What is the Zillow Home Value

Index? The Zillow Home Value Index is the median value for all homes in a given area, not just those that have recently sold. It is the mid-point of estimated home values for the area. Half the estimated home values are above this number and half are below it.

* Negative equity data is from 2013 Q1.

JULY2013

*The top 20 largest cities and top 10 (or all) counties within the metro are listed. Additional counties, cities, neighborhoods and ZIP codes may be available online at www.zillow.com/research/data by emailing press@zillow.com

About Zillow, Inc.

Zillow (NASDAQ: Z) is the leading real estate information and home-related marketplace, providing vital information about homes, real estate listings and mortgages through its website and mobile applications, enabling homeowners, buyers, sellers and renters to connect with real estate and mortgage professionals best suited to meet their needs. In addition, Zillow operates an industry-leading economics and analytics bureau led by Zillow's Chief Economist Dr. Stan Humphries. Dr. Humphries and his team of economists and data analysts produce extensive housing data and research covering more than 350 markets at Zillow Real Estate Research. Zillow, Inc. operates Zillow.com®, Zillow Mortgage Marketplace, Zillow Rentals, Zillow Mobile, Postlets®, Diverse Solutions.and Buyfolio.. The company is headquartered in Seattle. Zillow.com, Zillow, Postlets and Diverse Solutions are registered trademarks of Zillow, Inc. Buyfolio is a trademark of Zillow, Inc. For images or more information contact press@zillow.com

www.zillow.com/research/

JULY2013

B. New London Metro

National ZHVI

Current: \$161,600

Monthly Change: 0.4%

Quarterly Change: 2.2%
Annual Change: 6%
Negative Equity*: 25.4%
New London ZHVI
Current: \$200,700
Monthly Change: 1%
Quarterly Change: 1%
Annual Change: 1%
Negative Equity*: 25.6%
ZHVI Forecast
(next 12 months)
National: 4.8%
New London Metro: 0.9%
Major Cities
Norwich
Current: \$139,400
Monthly Change: 0.6%
Annual Change: -0.9%
New London
Current: \$139,400
Monthly Change: 0.8%
Annual Change: 1.8%
Town of Groton
Current: \$191,300
Monthly Change: 0.8%
Annual Change: 1.9%
Zillow Rent Index: \$1,425
Monthly Change: 0.4%
Annual Change: 0.8%
Rent List Price: \$1,200
Rent List/Sq. Ft.: \$1.04
Sales
Median Sale Price: \$210,000
Monthly Change: -3.6%
Annual Change: -7.2%
Sale Price/Sq. Ft.: \$140
Sale-to-list Price Ratio: 0.95
Sold for a Loss/Gain: 31.1%/62.5%
Listings
Median List Price: \$249,900
Monthly Change: 0%
Annual Change: 0.4%
List Price/Sq. Ft.: \$151
Listings with Price Cut: 38%
Amount of Price Cut: 6%
Foreclosures
Homes Foreclosed: 3.08/10, 000

Monthly Change: -1

Annual Change: -1.7

Foreclosure Resales: 8.6%

Monthly Change: 0.9pp

Annual Change: 3.1pp

[What is the Zillow Home Value](#)

[Index?](#) The Zillow Home Value Index

is the median value for all homes in a given area, not just those that have recently sold. It is the mid-point of estimated home values for the area. Half the estimated home values are above this number and half are below it.

* Negative equity data is from 2013 Q1.

6

C. Figure: Property values in Northern Central Mass, 2013

JULY 2013

Largest Cities Covered by Zillow

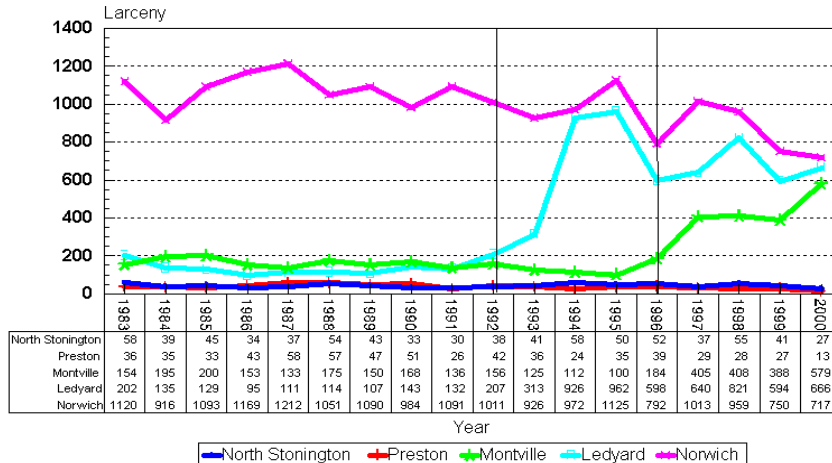
	ZHVI (\$)	ZHVI MoM (%)	ZHVI QoQ (%)	ZHVI YoY (%)	ZHVI Peak (\$)	Peak Month	Change from Peak (%)	ZRI (\$)	ZRI MoM (%)	ZRI QoQ (%)	ZRI YoY (%)	Forecast ZHVI (\$)	Forecast YoY (%)	Home Value Bottom	Negative Equity (%)
Auburn	202,200	1.2	2.2	6.4	261,100	2005-10	-22.6	1,446	0.2	-0.7	-0.7	206,836	2.3	2011 Q4	25.0
Charlton	238,500	1.4	2.6	8.5	290,400	2005-09	-17.9	1,502	-1.0	-2.5	-2.5	247,687	3.9	2012 Q3	19.5
Dudley	195,100	1.0	2.1	1.7	261,400	2006-04	-25.4	1,378	-0.1	-1.9	-1.9	199,130	2.1	2012 Q1	24.7
Fitchburg	151,000	1.3	3.0	3.7	216,600	2005-09	-30.3	1,224	-0.3	-2.3	-1.8	155,713	3.1	2012 Q1	37.5
Gardner	140,000	1.1	2.2	-1.3	207,200	2006-03	-32.4	1,189	-0.7	-3.3	-0.1	140,237	0.2	2013 Q2	34.4
Holden	244,800	1.2	3.3	6.7	298,400	2005-09	-18.0	1,580	0.7	-1.4	0.8	254,452	3.9	2011 Q4	19.7
Leominster	192,700	1.5	4.0	9.1	255,500	2005-09	-24.6	1,373	1.0	-0.2	-1.3	201,643	4.6	2011 Q4	29.7
Millbury	223,900	1.7	4.1	12.1	266,900	2005-10	-16.1	1,481	-0.1	-1.2	-0.8	232,668	3.9	2012 Q1	25.2
Shrewsbury	323,400	1.8	4.8	9.9	385,900	2005-08	-16.2	1,759	1.7	3.2	1.5	339,397	4.9	2011 Q4	15.2
Town of Athol	125,900	0.9	1.9	4.2	170,500	2006-02	-26.2	1,119	-0.2	-0.7	-0.2	131,102	4.1	2011 Q4	30.6
Town of Clinton	197,000	1.3	2.0	3.0	270,400	2005-06	-27.1	1,442	0.8	0.0	-1.2	202,761	2.9	2012 Q3	27.9
Town of Milford	244,000	1.2	2.3	6.7	339,600	2005-08	-28.2	1,519	-0.8	-2.6	-4.6	251,418	3.0	2012 Q3	25.8
Town of Northborough	339,000	1.7	4.1	9.3	396,500	2005-04	-14.5	1,881	1.9	5.3	3.5	354,451	4.6	2011 Q4	13.1
Town of Oxford	202,300	2.2	5.3	11.3	255,100	2006-03	-20.7	1,339	0.5	-0.1	-2.5	210,404	4.0	2012 Q3	27.5
Town of Southbridge	148,500	0.6	-0.1	3.3	210,600	2005-10	-29.5	1,257	-0.4	-2.4	1.3	154,860	4.3	2012 Q3	32.8
Town of Spencer	183,200	1.5	3.9	2.0	251,300	2005-07	-27.1	1,329	-0.9	-2.0	-3.7	187,990	2.6	2013 Q1	29.5
Town of Webster	186,500	1.4	3.6	4.4	244,500	2005-12	-23.7	1,335	-0.2	-1.3	-1.6	191,635	2.8	2013 Q1	32.1
Uxbridge	236,900	0.9	2.4	5.2	317,600	2005-04	-25.4	1,528	-1.5	-2.4	-3.5	246,206	3.9	2012 Q3	24.7
Westborough	379,200	1.2	2.5	6.6	440,500	2005-09	-13.9	1,894	3.6	7.7	-3.9	387,861	2.3	2009 Q2	11.6
Worcester	173,100	1.1	2.7	9.3	241,700	2005-09	-28.4	1,334	0.3	-0.1	-0.3	179,361	3.6	2012 Q3	36.5

D. Larceny 1983 – 2000 Foxwoods opens 1992.

Attachment 2

Figure 2: Larceny

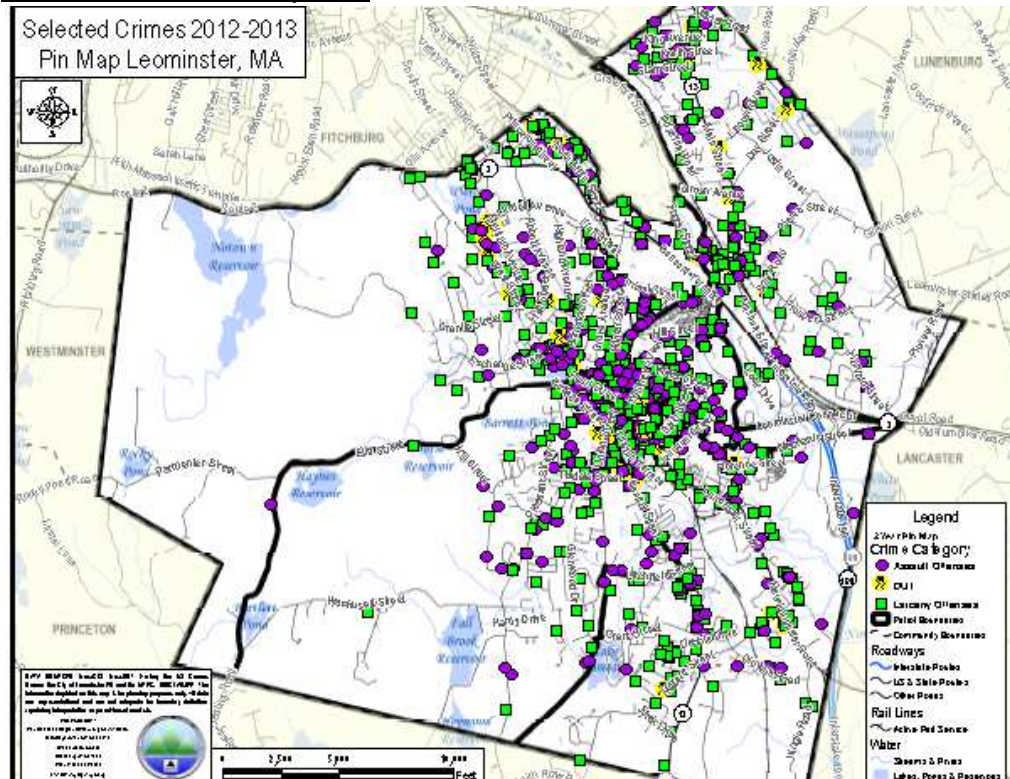
in North Stonington, Preston, Montville, Ledyard and Norwich, 1983 - 2000



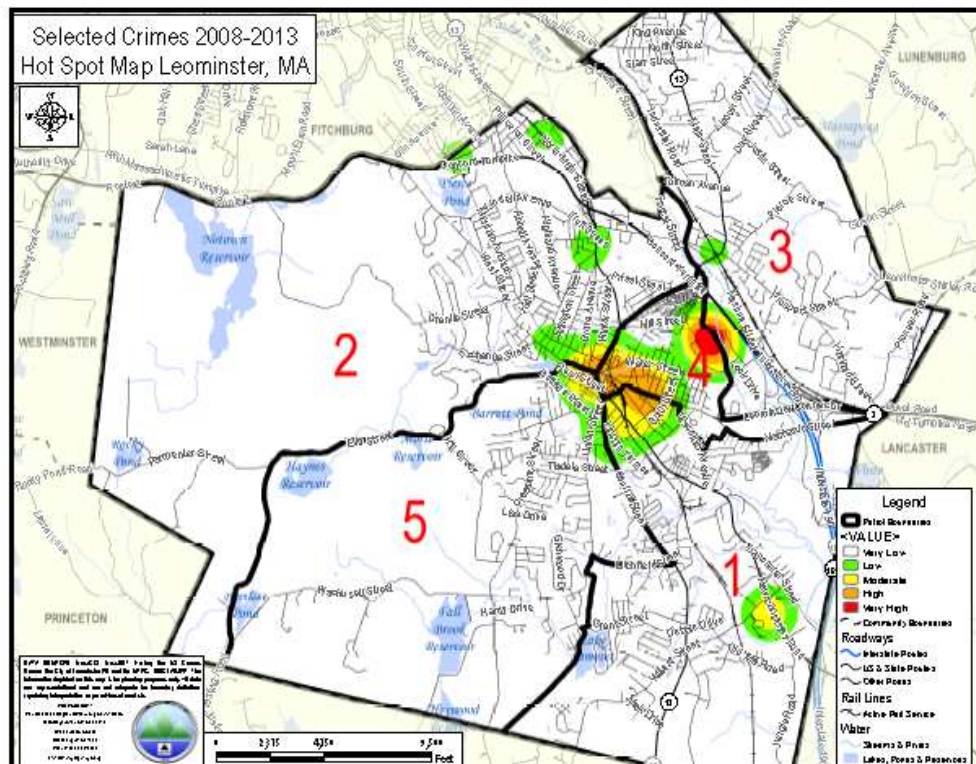
Source: State Police Uniform Crime Report

Figure: Larceny in Southeastern Ct. Foxwoods opened in 1991 and Mohegan Sun in 1995

E. Leominster crime 2 year



F. Crime, six year hot spots



G.

Leominster MA Police Department: NIBRS Crimes by Calendar Year

IBR Description	2008	2009	2010	2011	2012	2013 (Aug)	Total
Aggravated Assault	169	188	191	182	182	94	1,006
All Other Larceny	432	359	359	386	403	299	2,238
All Other Offenses	547	416	402	365	360	206	2,296
Arson	8	8	7	3	7	3	36
Assisting or Promoting Prostitution	0	0	1	0	0	0	1
Bad Checks	33	16	15	16	18	11	109
Burglary / Breaking and Entering	218	226	250	241	270	169	1,374
Counterfeiting / Forgery	41	31	31	50	37	20	210
Credit Card / ATM Fraud	23	25	22	67	27	15	179
Destruction/Vandalism of Property	567	646	370	373	396	183	2,535
Disorderly Conduct	169	401	517	447	484	228	2,246

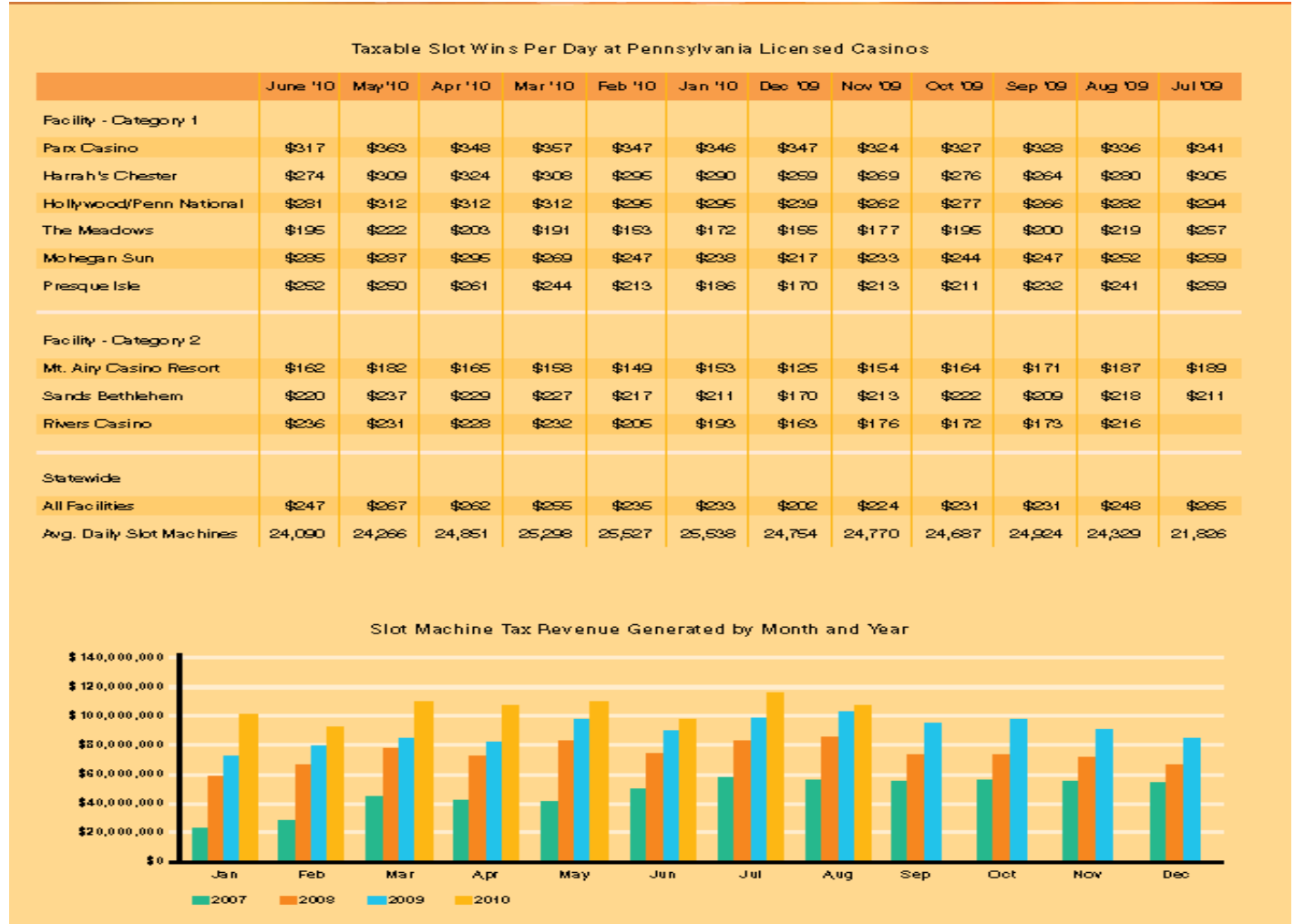
Driving Under the Influence	82	61	51	33	35	20	282
Drug / Narcotic Violations	92	50	58	71	58	24	353
Drug Equipment Violations	0	0	0	0	1	0	1
Drunkenness	0	57	87	62	36	15	257
Embezzlement	7	11	7	7	6	4	42
Extortion / Blackmail	0	0	0	0	1	2	3
False Pretenses /Swindle	49	52	66	115	78	63	423
Family Offenses, Nonviolent	1	30	2	13	11	1	58
Forcible Fondling	1	5	3	0	1	1	11
Forcible Rape	10	20	24	20	17	14	105
Forcible Sodomy	4	2	1	5	3	1	16
Impersonation	34	46	31	35	33	22	201
Incest	1	0	0	0	0	0	1
Intimidation	217	274	248	218	164	116	1,237
Kidnapping / Abduction	5	3	7	5	4	6	30
Liquor Law Violations	30	17	30	29	20	16	142
Loitering / Vagrancy	1	0	1	0	2	0	4
Motor Vehicle Theft	61	74	64	62	42	34	337
Murder and Non-negligent	0	2	1	1	0	1	5
No Crime Involved	3,256	3,110	2,649	2,131	2,536	1632	15,314
Peeping Tom	0	0	0	0	1	0	1
Pocket-picking	3	4	10	7	8	8	40
Pornography	1	5	7	3	3	9	28
Prostitution	0	0	0	2	0	0	2
Purse-snatching	8	5	5	7	5	3	33
Robbery	18	28	28	26	45	21	166
Runaway	4	26	28	22	13	11	104
Sexual Assault with an Object	0	0	1	0	0	0	1
Shoplifting	247	266	232	239	261	143	1,388
Simple Assault	328	342	362	323	341	215	1,911

Statutory Rape	17	28	19	25	15	12	116
Stolen Property Offenses	19	17	25	15	22	18	116
Theft from a Building	80	89	83	89	89	59	489
Theft from Coin-Operated Machine	0	3	1	0	3	2	9
Theft from a Motor Vehicle	149	224	235	152	171	68	999
Theft of Motor Vehicle Parts	2	23	35	20	9	10	99
Traffic, Town By-Law Offenses	349	327	352	405	351	206	1,990
Trespass of Real Property	41	79	76	56	47	35	334
Weapon Law Violations	5	14	8	9	9	3	48
<i>Annual Total</i>	<i>7,329</i>	<i>7,610</i>	<i>7,002</i>	<i>6,337</i>	<i>6,625</i>	<i>4,023</i>	<i>38,926</i>

G. Slot revenue by Jurisdiction 2012 -2013:

1. Pennsylvania:

Under state law, Penn collects 34% of gross gaming revenue and disburses approximately 5% to their county governments. The balance is used as revenue to the State general fund. Some additional local agreements exist but are not at the level we see in the Mass Gaming law.



As a check of current per slot machine daily revenue we checked the Week of Apr 15 - Apr 21 2013

Mohegan Sun

Gross Terminal Revenue \$4,180,463.71

State Tax (34%) \$1,421,357.65

Average Taxable Win/Slot/Day **269.51**

Parx Casino

Gross Terminal Revenue \$7,312,833.48

State Tax (34%) \$2,486,363.39

Average Taxable Win/Slot/Day **\$310.73**

Harrah's Philadelphia

Wagers \$57,446,413.

Gross Terminal Revenue \$4,744,652.16

State Tax (34%) \$1,613,181.73

Average Taxable Win/Slot/Day **\$242.07**

Recent revenues show a 4% - 10% decline

New York:

New York has 17,213 slot machines in 9 parlors, 4 racetrack and five pari-mutuel facilities. There are an additional 5 Indian owned casinos or bingo halls. Total handle in 2011 (latest NYGC report) was over \$1.5 billion.

The state takes 60% of gaming revenue, committing 44% to education. The balance is distributed to counties and some larger jurisdictions. The balance goes into the general fund.

Most lucrative casino is Aqueduct in Yonkers with 4,525 slots which take \$370 per machine per day.

As a comparison **Las Vegas average slot take per day is \$169.**

The large difference is the 5.6 million people within 10 miles of the "casino". Live table games are under consideration, but not yet in play.

Discovered Fact: Each 1 million in played on a slot machine equals 3 jobs.

CONNECTICUT:

Compacts entered into between the state and the Indian tribes grant exclusivity to the tribes for 25% of the net slot revenue. The tribes pay sales tax and fees for Revenue Dept. inspectors and state police, who enforce criminal statutes. Tribal police are in name only.

Localities receive distributions through the state PILOT formula which benefit large cities. Three localities receive supplemental payments of \$500,000 each per year. Only Montville Receives a direct payment from the Mohegan's of \$500,000 annually.

- Foxwoods: July 2012 **\$263**, per slot per day.
- Mohegan Sun: July 2012 **\$327**, per slot per day.

RHODE ISLAND

The gaming law provides for a 60% take by the state of the gross gaming revenue. Both host communities, Lincoln and Newport receive about 1% of the revenue which is used for General fund purposes but some specific funds, such as open space acquisition are included.

The state mainly uses the proceeds for general fund allocations.

- Twin Rivers 2012: **\$293**, per slot per day.

MAINE

The state takes 25% of the revenue and distributes to specific state funds, education, infrastructure and the like.

- Bangor 2012: **\$145**, per slot per day.

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